

**Testimony from Jordan Day, Policy Director
Governor's FY 2022 Budget (H 6122)
Relating to Education Aid
House Committee on Finance – May 5, 2021**

Thank you, Mr. Chairman and members of the committee, for the opportunity to submit testimony. The League of Cities and Towns appreciates the General Assembly's commitment to the funding formula for the last ten years. The school funding formula has increased state aid to education, improved student outcomes and slowed property tax growth.

Education Aid

We support the Governor's proposed increase of \$37.3 million for education funding formula aid in FY2022 to local educational agencies, of which \$27.7 million is for municipal and regional school districts and \$9.5 million is for charter schools. Additionally, we appreciate the Governor's continued support for categorical aid, including:

- \$14.9 million for early childhood education
- \$5.0 million for multilanguage learners
- \$4.6 million for regional district transportation and \$3.0 million for non-public transportation
- \$4.5 million for high-cost special education
- \$4.5 million for career and technical education

While these are important investments, we know that annual funding for categorical programs is not sufficient to meet all needs of our school districts. Municipal officials have specifically noted the need for additional funding for special education and transportation, which have not been funded at appropriate levels. We also believe the state should also encourage efficiency by increasing regional school bonuses.

Since FY 2021 is the tenth and final year of the education funding formula, we encourage the General Assembly to maintain its commitment to education while making some needed improvements.

- **Improve budget certainty** – School districts can see major increases or decreases in their state education funding from year to year. The state should smooth any decreases while being more responsive to new costs.
- **Increase state pension contribution for teachers** – Rhode Island covers only 40% of the employer portion of teacher pensions, with local government covering the remaining 60%. Four other New England states cover 100% of the costs, and we urge Rhode Island to

increase its share. We appreciate the Governor including an additional \$5.5 million for the state's 40% share of teacher pension costs, for a total state contribution of \$123.9 million.

Waive the Local Maintenance of Effort (MOE) Requirement for Schools

Also, as the Finance Committee determines how to use Federal funds from the American Rescue Plan, we strongly encourage you to provide local education maintenance of effort (MOE) relief in light of the substantial Federal funds designated for school districts. With schools receiving unprecedented Federal aid for operations, school budgets should first rely on those funds before asking more of local taxpayers. Considering the hundreds of millions of dollars in school aid coming to our state, it is appropriate that cities and towns reduce their local contributions in FY 2022 and FY 2023 to address local budget needs.

Many school districts are reportedly experiencing surpluses from remote instruction and other COVID impacts, but cities and towns cannot reduce their mandated education maintenance of effort amount. In fact, many school committees are asking cities and towns for *more* local education funding despite those surpluses and incoming Federal funds. In light of the state's past actions in this area, we believe local education MOE relief is justified.

- During the Great Recession, the General Assembly allowed cities and towns to reduce their local maintenance of effort in 2010 and 2011. With significant Federal funding coming to school districts from the American Rescue Plan, similar MOE relief is warranted.
- In FY 2020, the state used approximately \$40 million in Federal Elementary and Secondary School Emergency Response Funds (ESSERF) to reduce state education funding formula aid and close the state deficit. Similarly, cities and towns should be able to use Federal funds to reduce their local contributions, particularly in areas where ESSERF can cover costs.

MOE relief is a top priority of our members as they are preparing their FY 2022 budgets. This assistance would support municipalities as they determine how best to allocate local and Federal funds for maximum impact.

The League believes that we must work collaboratively with many stakeholders to sustain and build on recent education improvements in a comprehensive fashion. We thank you for your consideration of our views when determining education funding in the FY 2022 budget.